2013 DRAFTING REQUEST

Bill

Received:	**2/20/2013**		Received By:	**agary**
Wanted:	**As time permits**		Same as LRB:	
For:	**Howard Marklein (608) 266-7502**		By/Representing:	**Crystal Lee**
May Contact:			Drafter:	**agary**
Subject:	**Fin. Inst. - miscellaneous**		Addl. Drafters:	
			Extra Copies:	

Submit via email: **YES**
Requester's email: **Rep.Marklein@legis.wisconsin.gov**
Carbon copy (CC) to: **aaron.gary@legis.wisconsin.gov**

Pre Topic:

No specific pre topic given

Topic:

Payment of public deposit losses in public depositories (financial institutions)

Instructions:

See attached; companion to LRB-1329

Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	agary 2/20/2013	wjackson 2/21/2013	jfrantze 2/21/2013	_____ _____			
/1				_____ _____	srose 2/21/2013	mbarman 2/26/2013	State S&L

FE Sent For:

⮡ At Intro.   <END>

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/?	agary	/l wlj 2/21		2/21			

FE Sent For: _____

From:	Lee, Crystal
Sent:	Wednesday, February 20, 2013 2:00 PM
To:	Gary, Aaron
Cc:	Marklein, Howard
Subject:	RE: LRB 1329

Yes, Rep. Marklein would like the companion bill drafted. Let me know if you have any other questions.

Thanks,

Crystal Lee
Research Assistant
Committee Clerk, Assembly Committee on Ways & Means
Office of State Representative Howard Marklein
51st Assembly District
(608) 266-7502
Crystal.Lee@legis.wi.gov

From: Gary, Aaron
Sent: Wednesday, February 20, 2013 12:44 PM
To: Lee, Crystal; Coenen, Scott
Subject: FW: LRB 1329

I need to confirm that Rep. Marklein would like this companion bill drafted. Thanks. Aaron

Aaron R. Gary
Attorney, Legislative Reference Bureau
608.261.6926 (voice)
608.264.6948 (fax)
aaron.gary@legis.state.wi.us

From: Kovach, Robert
Sent: Tuesday, February 19, 2013 3:17 PM
To: LRB.Legal
Subject: LRB 1329

Please allow Rep. Markelien to have access to our bill language for LRB 1329? They will be our assembly Co-Author.

Rob Kovach
Policy Advisor/Committee Clerk
Office of Senator Frank Lasee
(608) 266-3512

2013 BILL

No changes — companion

1   AN ACT *to amend* 20.144 (1) (a) 3. and 34.08 (2); and *to create* 20.144 (1) (a) 4.

2   of the statutes; **relating to:** payments for losses of public deposits in failed or

3   failing financial institutions.

Analysis by the Legislative Reference Bureau

Under current law, the Investment Board (SWIB) on behalf of the state, the county board on behalf of a county, the common council on behalf of city, the village or town board on behalf of a village or town, and the governing board of certain other local governmental units (collectively, public depositor) must designate one or more federal or state credit unions, federal or state savings and loan associations, state banks, savings and trust companies, federal or state savings banks, or national banks in this state (financial institutions) for deposit of all public moneys received by the public depositor. The Depository Selection Board must establish procedures for the selection of financial institutions receiving public deposits from state agencies. An appropriation to the Department of Financial Institutions (DFI) provides funds to repay public depositors for losses resulting from a failed or failing financial institution's failure to repay the deposit of public moneys. DFI administers the claims process against the moneys in this appropriation. The maximum payment that DFI can make to a public depositor for losses from a single financial institution is $400,000, not including any federal deposit insurance also paid to the public depositor. These loss payment provisions also apply to local government deposits in the local government pooled–investment fund managed by SWIB. Although the appropriation to DFI to pay public deposit losses to public depositors is a sum

sufficient appropriation, there is a limit to the amount that may be expended from the appropriation. This limit is calculated based on the balance of the state deposit fund on June 30, 1955, plus interest accruing on that balance. Beginning on August 1, 1985, interest on the balance is calculated at a rate of 5 percent per year.

Also under current law, a financial institution that originates a residential mortgage loan on or after January 1, 1994, and that requires and maintains an escrow account for the borrower to assure the payment of property taxes or insurance by the borrower, must pay interest on the escrow account at the variable interest rate. This escrow account interest rate, which is calculated by DFI, is the average of the interest rates paid by financial institutions on regular passbook deposit accounts and is published annually by the Legislative Reference Bureau (LRB).

This bill increases, from $400,000 to $750,000, the maximum payment that DFI can make to a public depositor for losses from a single financial institution. The bill also decreases, from 5 percent per year to the escrow account interest rate published annually by the LRB, the interest accruing on the balance of the state deposit fund that is appropriated to pay public deposit losses.

For further information see the **_state and local_** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1   SECTION 1. 20.144 (1) (a) 3. of the statutes is amended to read:

2   20.144 **(1)** (a) 3. Beginning on August 1, 1985, interest on the balance under

3 subd. 1. at a rate of 5% per year computed to the <u>effective</u> date of ~~any payment of a~~

4 ~~loss~~ <u>this subdivision .... [LRB inserts date]</u>.

5   SECTION 2. 20.144 (1) (a) 4. of the statutes is created to read:

6   20.144 **(1)** (a) 4. Beginning on the effective date of this subdivision .... [LRB

7 inserts date], interest on the balance under subd. 1. at the interest rate published

8 under s. 138.052 (5) (am) 2. c. computed to the date of any payment of a loss.

9   SECTION 3. 34.08 (2) of the statutes is amended to read:

10   34.08 **(2)** Payments under sub. (1) shall be made in the order in which

11 satisfactory proofs of loss are received by the division of banking. The payment made

12 to any public depositor for all losses of the public depositor in any individual public

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ARG:wlj:jf
BILL   SECTION 3

1   depository may not exceed ~~$400,000~~ $750,000 above the amount of deposit insurance

2   provided by an agency of the United States at the public depository that experienced

3   the loss. Upon a satisfactory proof of loss, the division of banking shall direct the

4   department of administration to draw its warrant payable from the appropriation

5   under s. 20.144 (1) (a) and the secretary of administration shall pay the warrant

6   under s. 16.401 (4) in favor of the public depositor that has submitted the proof of loss.

7   **SECTION 4. Initial applicability.**

8   (1) This act first applies to losses, as defined in section 34.01 (2) of the statutes,

9   occurring on the effective date of this subsection.

10   **SECTION 5. Effective date.**

11   (1) This act takes effect on the first day of the 2nd month beginning after

12   publication.

13   **(END)**

Barman, Mike

From:	Rep.Marklein
Sent:	Tuesday, February 26, 2013 10:29 AM
To:	LRB.Legal
Subject:	Draft Review: LRB -1690/1 Topic: Payment of public deposit losses in public depositories (financial institutions)

Please Jacket LRB -1690/1 for the ASSEMBLY.